

Saddam Hussein of Iraq; President Vladimir Putin of Russia; and Betty Currie, the President's personal secretary. A tape was not available for verification of the content of this interview.

Remarks on the 2001 Economic Report and an Exchange With Reporters

January 12, 2001

The President. Good morning. Today I'm sending my eighth and final economic report prepared by the Council of Economic Advisers. I want to thank Dr. Martin Baily, Katheryn Shaw, Robert Lawrence, and the CEA staff for their fine work in analyzing America's new economy.

I also want to thank Secretary Summers, Gene Sperling, Jack Lew, Sylvia Mathews, my entire economic team for all they have done these last 8 years to turn our country around and move us forward together.

Over the last 8 years, these annual economic reports have helped to tell America's story—a story of prosperity and progress, of the hard work of our people, and the results of policies rooted in common values and common sense. The message of this final report is clear: The economy remains strong, on a sound foundation, with a bright future.

Eight years ago it was a very different story, with 10 million of our fellow citizens out of work, high interest rates, low confidence, a deficit that was \$290 billion and rising, a debt that had quadrupled in the previous 12 years. The new course we charted to eliminate the deficit, invest in education and the American people's future, and open overseas markets for America's products has worked. Year-in and year-out, we have resisted politically attractive but economically unwise temptations to veer from the path of fiscal discipline.

We have in the course of this effort turned the record deficits into record surpluses and produced the longest economic expansion in history. We have not only had 22½ million new jobs and the lowest unemployment in 30 years; we've been able to add to the life of both Medicare and Social Security to help ease the burden on future generations, and make the long-term solutions less difficult in

the present. And we're on track that was unimaginable 8 years ago when I first came here, to get America out of debt at the end of this decade.

The evidence in this report shows that maintaining the path of fiscal discipline is critical to keeping America on the path of economic progress. Fiscal discipline has allowed the energy and entrepreneurship of the American people to increase investment, productivity, and living standards. Fiscal responsibility has given us lower interest rates, which by the end of the year will be—excuse me—has given us not only lower interest rates; it's given us surpluses that by the end of the year will have permitted us to pay down about \$560 billion off the national debt. And I think all of us are very proud that we can leave that legacy to the incoming administration and to the children of this country.

More important in an economic sense, perhaps, is that it has lowered interest rates. By having the Government pay back debt instead of borrow more money, you have lower interest rates for business loans, college loans, home loans, car loans. It amounts, on the average, to \$2,000 in mortgage payment savings a year for the average family, \$200 in car payments, \$200 in college loan payments. It has also given us higher growth.

Now, over the last couple of years, the economy was growing at a blistering pace. Everyone knew that the rate of growth would ease off. But that is not to say that the evidence suggests anything other than that the expansion will and should continue.

So that's the context in which we have tried to work for 8 years and the options that we leave to our successors. And there are many options. I have repeatedly said America can afford a tax cut. But I do not believe that the tax cut plus whatever spending plans there will be should be so large as to take us off the path of fiscal discipline, for a simple reason—paying down the debt keeps interest rates lower. That means stronger businesses, higher incomes, more jobs, a stronger market. Keeping those long-term rates down is profoundly important.

So what I would hope for the future when the Congress deliberates this and the President makes his proposal—the details are up

to them; I'm moving out of the policy business in just a few days here—but I would hope that the combined total of the tax cut and the spending plans would not be so large as to call our commitment to fiscal discipline into question in a way that would run the risk of returning to on-budget deficits, higher interest rates, and in the process, would drain away the savings that will be needed to deal with the Social Security and Medicare challenges the retirement of the baby boomers will present.

Eight years of responsible budgets and fiscal responsibility have put our country in a position to take advantage of our long-term opportunities and to meet our long-term challenges. It's a path that I hope we'll be able to stay on. I would like it very much if our country were debt-free by the end of this decade, for the first time since 1835.

Even more, I would like it if we were able to free up 11 cents on the dollar of the Federal budget to deal with Social Security, Medicare, invest in education, and provide further tax cuts in the future.

So I think we're in good shape. I think I'm leaving with all options open. And the only cautionary point I want to make is, I think that the combined impact of spending and tax cuts, I would hope, would not be such as to prevent us from continuing to pay down this debt, so we can keep interest rates low and the economy strong over the long run.

Thank you.

No Gun Ri

Q. Mr. President, survivors of the No Gun Ri killing say that the U.S. report is a whitewash and that your statement of regret does not offer a sincere apology. How do you respond to that criticism? And did you intend your statement of regret to be an apology?

The President. Well, I think on a personal basis, as I said yesterday, I don't think there is any difference in the two words. They both mean that we are profoundly sorry for what happened and that things happened which were wrong.

I think the word which was agreed on, working with the Koreans, pursuing the investigations, was thought to be appropriate in a, if you will, a legal and a political sense,

because the evidence was not clear that there was responsibility for wrongdoing high enough in the chain of command in the Army to say that, in effect, the Government was responsible. I think that was the real issue.

But I don't think—from a purely human point of view, I don't think there's any difference in the fact that we know things happened which should not have happened. Things were done which should not have been done. Innocent people died, and others were wounded. Their families were wounded and remain wounded to the present day, and we are profoundly sorry about that.

So I don't think in terms of the human impact and the acknowledgement that things that happened that shouldn't have happened that were wrong, I don't think there is any difference.

And I certainly told the investigators I didn't want the investigation whitewashed. We did our best to find out what happened and to determine the facts as best we could. And we issued a joint statement and sort of path of proceeding with the Korean Government—I talked to President Kim last night about it—and we've done our best to do the right thing.

President-Elect Bush's Comments on the Economy

Q. Do you believe that President-elect Bush's comments about the economy, slowing economy, and the Vice President's comments about that the economy is possibly heading towards recession is actually a self-fulfilling prophecy and perhaps potentially dangerous talk?

The President. Well, I don't want to get into characterizing that. I think it's not wise for me to do that, and not appropriate. I can only tell you what I've tried to do for 8 years. What I've tried to do for 8 years is to level with the American people based on the evidence and to be conservative in my estimates when it came to the tax cuts I advocated and the spending I advocated.

The evidence is, the blue chip consensus is for growth of about 2.6 percent next year, slightly slower in the first half of the year and more robust in the second half. And they have written that down from a previous projection of something over 3 percent.

If we grow at 2.6 percent, then the unemployment rate should stay around where it is now and we will continue to create new jobs. So that's what the evidence is today. And if the evidence changes, then everyone should look at what the facts are and act in an appropriate way. But the experts who make a living doing this believe the economy will grow at 2.6 percent next year, slightly slower in the first 6 months, slightly more robust in the second 6 months.

Middle East Peace Process

Q. On the Middle East, can you say, having heard from what the Israelis and Palestinians discussed at Erez, that it's now—there's no hope of an agreement on your watch between the two? Have you given up hope on that?

The President. No, but I've not tried to raise hopes, either. They are—they have a surprising amount of agreement and a few intense points of controversy. And I think that there are all kinds of reasons why an agreement on the big issues has always been kind of against the odds. But they have continued to try, and they're trying now in a climate which is much less negative than just a few days ago and the preceding weeks.

So this is really up to them. I'm working hard on it, and I'm spending time on it every day. But they have to decide. And I think the United States will be very supportive of them if they do decide to do it. And I'll do whatever I can to help.

James Riady

Q. Sir, can you tell us what your relationship was with James Riady, and are you concerned at all by his decision to plead guilty to a campaign finance offense and pay a large fine?

The President. Well, I knew him when he was in Arkansas and when he owned—his family owned part of a bank there, and I've kept up with him since. And I have—no, I'm not at all concerned about it. I think that—I think people should know what our campaign finance laws are and should obey them.

Lt. Comdr. Michael S. Speicher

Q. Mr. President, how is the United States going to get Iraq to give up information about Lt. Commander Speicher?

The President. Well, we're working on that. Let me just say to all of you, I agreed with the decision to take his name off the killed in action list and put it on the missing in action list. I think it was the right decision. But I do not want to raise false hopes here. We do not have hard evidence that he is alive.

We have some evidence that what had been assumed to be the evidence that he was lost in action is not so. And we're going to do our best to find out if he is alive, and if he is, to get him out—because as a uniformed service person, he should have been released by now if he is alive.

2000 Presidential Election

Q. Mr. President, were you trying to call into question the legitimacy of the Bush Presidency with your remarks the other night?

The President. In Chicago? No, I was trying to have a little fun with Bill Daley. I mean, we were there in Chicago, he had just introduced his brother, a bunch of his family members were there, all of his friends were there, he'd been out of Chicago for some time, and I was trying to say what a good job he had done running the campaign. And we were all just having a good time. It was all in good fun, and everybody laughed about it, and most everybody agreed with what I said who was there, because it was all a bunch of Democrats, as you would expect.

But there was no—I intended to have no impact on that. Let me go back—I have nothing to add on that question to what I said after the Vice President made his statement. We accept the decision of the Supreme Court. It is the way our system works. And it's not the first time or probably the last time the Supreme Court will make a decision with which I do not agree, but I did not call into question his legitimacy. I was having a good, old-fashioned little bit of fun with Bill Daley and his brother and his friends and my friends in Chicago. We were just having a good time, and I was trying to say that I thought he did a fine job running

the Vice President's campaign, and I do think that. And I think he did a fine job.

President's Future Plans

Q. Mr. President, after the inauguration, you're going to Chappaqua, is that correct?

The President. Absolutely.

Q. Are you coming back to Washington or going to Arkansas or staying in New York?

The President. I'm going to live in New York. But I will come—and Hillary and I will spend weekends in New York, and every now and then I hope I can come down here and see her in the week. But if I get in the newspapers, I probably won't come anymore. I'd like to keep an appropriate low profile for some time. I think it's important. And I want to take a couple of months to rest. I've been working for 27 years now, pretty hard, and I want to rest a little while and really think about the rest of my life and how I can serve best. And that's what I want to do.

So I'll be mostly in New York. I'll be going to Arkansas to get my library project up and going and trying to think through exactly how I'm going to do my foundation work, my service work. And we'll have a transition office here for 6 months, as all former Presidents do, and then I'll have an office in New York City after that and maybe before 6 months is up.

Thank you very much.

Socks

Q. Are you really giving Socks away?

The President. Oh, I don't know. I did better with the Arabs—the Palestinians and the Israelis than I've done with Socks and Buddy. [Laughter] And I won't have as much space or as much help in managing them, so I'm trying to figure out whether I can do it. Because I've had that cat a long time. You know, we took him in as a stray back in Arkansas, and I hate to give him up, although Betty and a lot of other people here in the White House really love him. It's just another one of those places where I haven't yet made peace. But I've got 8 days. [Laughter]

Thank you.

NOTE: The President spoke at 11:10 a.m. on the South Grounds at the White House. In his remarks, he referred to Gore 2000 campaign direc-

tor William M. Daley; and Mayor Richard M. Daley of Chicago.

Digest of Other White House Announcements

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

January 6

In the morning, the President and Chelsea Clinton visited the National Zoo, where they viewed the zoo's new pair of giant panda bears.

January 7

In the afternoon, the President and Hillary Clinton traveled to New York City, and in the evening, they traveled to Chappaqua, NY.

January 8

In the morning, the President returned to Washington, DC.

The President announced his intention to reappoint Birch Bayh as a member of the J. William Fulbright Foreign Scholarship Board.

The President announced his intention to reappoint Barbaralee Diamonstein-Spielvogel as a member of the Commission of Fine Arts.

The President announced his intention to reappoint Nina J. Stewart as a member of the Security Policy Advisory Board.

The President announced his intention to appoint Dean R. O'Hare as a member of the Advisory Committee for Trade Policy and Negotiations.

The President announced his intention to appoint Esteban E. Torres as a member of the Fannie Mae Board of Directors.

The President declared a major disaster in Texas and ordered Federal aid to supplement State and local recovery efforts in the area struck by a severe winter ice storm beginning on December 12, 2000, and continuing.